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### Agricultural Outlook for 1950

Lyle M. Bender

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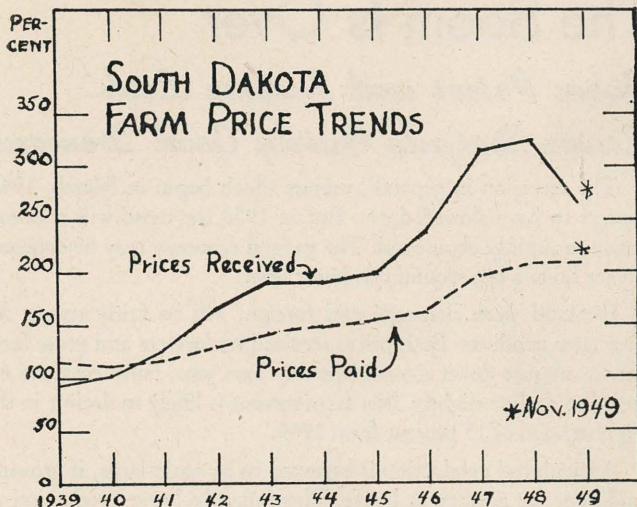
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# Agricultural

## OUTLOOK for 1950



### PRICE SQUEEZE IS ON

Prices farmers will receive for their products are expected to be down about 10% in 1950. (U. S. Avg.) Prices that farmers pay will drop very little, resulting in a net income reduction of 15 or more percent.

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# *Agricultural Outlook*

LYLE M. BENDER\*

## The Boom Is Over

### *Farm Prices and Income Look Lower Despite Fairly Good Demand*

The recession in general business which began in March, 1948, appears to have slowed down. But in 1950 the trend will continue steady to slightly downward. The general economy may be expected to vary quite a bit, around this lower level.

Demand, both domestic and foreign, will be fairly strong for most farm products. Both prices received by farmers and gross farm income, may be down about 10 percent next year. Farm costs are expected to decline slightly. Net farm income is likely to decline in the neighborhood of 15 percent from 1949.

Agricultural production is expected to be again large, if growing conditions are average or better. There may be lower production of corn and wheat, and probably a larger production of livestock and livestock products.

Prices of farm products will depend to some extent on the price supports that will be in effect in 1950. Under the agricultural act of 1949, corn and wheat will be supported at 90 percent of present parity. Milk and butterfat are to be supported at 75 to 90 percent of a new parity which is a little higher than the old. Supports are not required by law in 1950 for many livestock and livestock products that were supported in 1949. Eggs will be supported at 75 percent of new parity.

Barring new developments which cannot be seen now, further slight reductions in economic activity and a relatively *slow decline* in prices appear likely. Industrial production, employment, incomes, and wholesale prices are likely to show slight declines in the year ahead.

### *Farmer's Cost Still High*

Most items of production used by farmers and ranchers in 1950 will continue high in cost. A continued narrowing of the spread between farm operating costs and selling prices of farm products is in prospect.

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\*Extension Farm Management Specialist. Report reviewed by other Extension Economics Specialists and Department of Agricultural Economics, S. D. State College.



# Big Feed Supplies

## *Price Lower; Less Corn Acres Needed*

More than ample feed supplies are available for the 1949-50 feeding season. Feed production was slightly less than a year ago, but carryovers were very large.

The demand for feed will be fairly strong. More livestock are being raised and livestock will probably be better fed. On the other hand, exports of feed grain are likely to be a little less.

A large amount of feed grains have been placed under government loan or purchase agreement in 1948. It is now in government ownership or resealed. Free market supplies may be tight.

Average, or above average, feed supplies are likely for the 1950-51 feeding season. The large carryover of feed grains likely will act as a buffer against a short crop. If production is average or above average in 1950, the carryover will increase over the present large carryover of about 30 million tons.

Feed grain prices in general are expected to average a little lower during the coming year than last. The chief reasons for lower prices are larger supplies of grain and lower loan rates. Prices of feed grains are likely to average below or near the loan rates during most of the year.

Although the prices of both corn and oats may average below the loan rate, seasonal increases may be expected. Price of oats is expected to rise moderately from the summer low to the spring high. The price of corn may rise slightly from harvest time to July. The price of barley will be considerably stronger than for other feed grains.

The supply of high protein feeds is expected to be a little larger than a year ago. Animal proteins will be most plentiful.

Prices of most important high protein feeds will be some lower than a year ago, but they will be high in relation to feed grains.

The supply of grass and legumes will be inadequate to meet prospective seed needs for acres diverted from corn and wheat. Prices are likely to be higher than a year ago.

Corn and wheat producers will be faced with the need of reducing acreage and production in 1950. Acreage allotments will be in effect on wheat and probably on corn.

The possible uses of these diverted acreages include seeding to grasses and legumes, and shifting to other crops. On many farms first consideration should be grasses and legumes. Other possibilities include sorghums, both grain and forage, barley and oats. Rye may be considered in some areas.

# Meat Supply Larger

## *Demand Fair; But Prices Lower*

More meat will be produced in 1950. Nearly all the increase will be in pork. About the same amount of beef will be produced but more of it will be of better grades. Lamb and mutton production will be a little less.

Because of nearly full employment and high consumer incomes, the domestic demand for meat will be about as strong as a year ago. Exports of meat may be down slightly. Domestic consumption may be around 150 pounds per person.

Prices of meat and livestock may be slightly lower in 1950. Pork prices may decline moderately, and beef and lambs slightly.

For the longer run, meat supplies will be increasing and prices may continue to decline.

## Lower Hog Prices

### *5% More Spring Pigs Expected*

Hog prices may decline moderately in 1950. The decline will be due to larger supplies and slight weakening in consumer demand. Support prices for hogs have been announced through March 31, 1950. After that support prices are not compulsory in the Agricultural Act of 1949.

The 1950 spring pig crop for the nation may be 5 percent larger than last year. Farrowings for the nation may be a little earlier than average. Hogs may be sold at slightly lighter weights than normal. This will mean that marketings will be earlier than usual.

The high loan rate on corn and the prospects for lower hog prices may tend to limit the expansion in number of hogs raised next year.

The corn-hog ratio is likely to remain above average and generally favorable for most of the year. In late 1950 if the pig crop is large the hog-corn ratio could drop below average.

The key watch words in 1950 are efficient production and feeding and careful timing of marketings.

## Cattle Down Wee Bit

### *Numbers May Increase Slightly*

Beef cattle may average only slightly below 1949 levels for the next year. The relatively high price for beef cattle in relation to grain prices, indicates that feeding operations will be profitable. Profits are more likely to be on a weight gain basis rather than from wide margins.

All cattle on farms in the United States appear to be increasing. As a result of this expansion in the long run, prices will show a downward trend. The number of cattle on farms in South Dakota may increase slightly or at least hold steady. The expansion, if any, in South Dakota may come in the eastern half of the state.

## Lambs, Wool Hold Steady

### *Sheep Numbers May Increase*

Lamb and wool prices are expected to be about as high in 1950 as a year ago. The demand will be the greatest for finer grades of wool. Wool will be supported at near current levels.

Sheep numbers may be steady or increase slightly for the nation and South Dakota.



# Flax, Soybeans Lower

## *Smaller Acreages Are Expected*

The price of flax may be expected to decline slightly in 1950. Flax will be supported at 60 percent of new parity which is slightly higher than present parity.

Total supplies of flax are large—enough for two years domestic requirements. Demand for drying oils is decreasing and production is increasing in foreign countries.

A slight decline in the flax acreage is likely for South Dakota. Little change in acreage is expected in the northeastern area. A decrease is likely in the eastern area. Other areas may decrease.

Soybean prices may decline slightly in 1950. No supports have been announced yet. Production of soybeans continues high. However, both the export and domestic demand is fairly strong.

Rye acreage and production has been small for several years. Some increase is expected next year. Some further decline in price is likely.

Potato prices may average at or closely to support of 60 percent of parity next year, depending upon production. Little change is expected in the demand for potatoes.

## *Family Living Outlook*

MRS. ANNA D. WALKER\*

### Living Costs High

#### *Supplies Plentiful; Some Cheaper*

All signs point to a slight drop in the cost of living during 1950. The drop is expected to be less than the decrease in net farm income.

The total supply of foods will as a whole be very generous. Meat, dairy and poultry products will be plentiful and a little cheaper. Most other food items will be adequate but not very much cheaper.

The cost of building materials may decline slightly. Lumber and other building supplies are a little more plentiful and are of better quality.

Supplies of most household furnishings and equipment are adequate to large. Quality is much improved, more choices are available. Prices may tend to be slightly lower.

Clothing prices are expected to continue their gradual downward trend. Supplies of most clothing items will be plentiful.

Planned spending will pay dividends. This is especially true for large item household equipment and remodeling or building. For some, now may be the time to buy but it is not the time to buy if you must go heavily in debt.

\**Extension Clothing Specialist*

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# Eggs, Poultry Off

## *Fewer Chickens May Be Raised*

Egg and poultry prices are likely to be moderately to slightly lower in 1950. Prices of eggs during the first half of 1950 may fall as much as 10 to 15 percent below last year's prices for the same period.

The number of hens and pullets on farms January 1, 1950, probably will be 3 to 4 percent higher than a year ago. Likewise egg production will be up.

The number of chickens raised in 1950 probably will be moderately below the number raised last year.

The nation's turkey crop was near an all time record in 1949 and a slight decrease is in prospect.

# Butter Price Down

## *Demand Less; More Cows Milked*

Prices of dairy products in the United States in 1950 will decline slightly to moderately. The decline may be greatest for butterfat, and wholesale milk.

The domestic and foreign demand for dairy products will be less than 1950.

Dairy products are to be supported at 75 to 90 percent of new parity.

The decline in the number of cows milked in the United States has been halted in 1949. A slight increase is possible in 1950. Milk production will be about the same or slightly more than a year ago.

In South Dakota the number of cows milked may show a slight decline in 1950, or at least tend to stabilize at current levels.

# Wheat at Support

## *Acreage To Be Down; Exports Off*

The highlights of the wheat outlook for 1950-51 include a slight decline in wheat prices, reduced acreage and a little smaller foreign demand.

The greatest reduction in wheat acreage will be in the Great Plains.

For South Dakota, the wheat acreage allotment will be about 18 percent less than in 1949.

The greatest reduction will take place in the range and north central areas of the state.

Possible uses of excess wheat acreages include in the order named, grasses and legumes, sorghum, oats and barley. These crops will produce as much or more feed per acre than wheat.